



NEW ENTRANT PROGRAM

Purpose

Dairy Farmers of Nova Scotia (DFNS) encourages the growth and stability of the province's dairy producers to ensure future sustainability of the dairy industry. The New Entrant Program is designed to assist new producers entering the industry by loaning quota.

What the Program Provides

Each dairy year, DFNS will loan up to 12 kilograms of Total Production Quota to one successful applicant. DFNS will loan quota to the "assisted new producer" on a kilo-for-kilo basis for each kilogram of quota the assisted new producer purchases ("saleable quota") through the monthly Quota Exchange or obtains through a quota transfer. One successful applicant will be selected to receive assistance per year.

Details of the Program

Applicants under the program must apply to DFNS between August 1st and September 30th. DFNS will notify the successful applicant by October 31st.

The assisted new producer has until the end of the quota acquisition period to purchase up to 12 kgs of quota and be eligible for the matching loan. The assisted new producer can obtain quota through the monthly quota exchange or a quota transfer and will not be subject to buyers' prorate during the 12-month quota acquisition period or until the 12 kg quantity is reached, whichever occurs first [*pending regulation change*].

DFNS will loan the assisted new producer up to 12 kgs to match their saleable quota. Quota purchased by the assisted new producer after the end of the quota acquisition period will not be eligible for matching under the program.

When an assisted new producer acquires total quota holdings (including the loaned quantity) in excess of 45 kgs, the amount of quota over 45 kgs will be deducted from the loaned quantity. Quota provided under the program that is returned to DFNS will not be reissued if the assisted new producer reduces his/her total quota to less than to 45 kg.

The calculation of general increases or decreases of quota by DFNS excludes loaned quota. The DFNS loaned quota will be equal to or less than the amount of the assisted new producer's saleable quota, to a maximum of 12 kgs.

If the assisted new producer sells an amount of quota, or their saleable quota is reduced through a general decrease by DFNS, bringing his/her saleable quota below the amount loaned by DFNS, the amount of quota loaned by DFNS will be reduced to be equal to the amount of the assisted new producer's saleable quota.

The assisted new producer cannot sell quota that would reduce his/her total (saleable and loaned) quota below the required minimum level of 10 kgs, but they are not required to replace his/her quota that is reduced through a general quota decrease that applies to all producers.

DFNS new entrant loaned quota cannot be assigned to a lender or sold.

LEASING: During the quota acquisition period or until 12 kgs are purchased, whichever occurs first, an assisted new producer may lease in or lease out 100% of his/her saleable quota and loaned quota as approved by the board. After that and as long as any quota is loaned to the assisted new producer, he/she may lease in up to 25% of his/her saleable quota and loaned quota; he/she may lease out up to 25% of his/her saleable quota, but may not include loaned quota in the 25% calculation. Notwithstanding the foregoing, the assisted new producer will be subject to the standard policies and guidelines with respect to leasing.

Dates/Timelines	
August 1st to September 30th	application period
September 30th	application deadline
October 31st	successful applicant notified
January 1st to December 31st	quota acquisition period

Returning Loaned Quota to DFNS

DFNS may provide quota to an assisted new entrant for a maximum period of sixteen years. Loaned quota will be returned to DFNS at a rate of 0.1 kg per month, for ten months of each year, to a total of 1kg of quota per year, starting on January 1st in the sixth year.

Year	Max loaned quota
1-5	12 kgs
6	11 kgs
7	10 kgs
8	9 kgs
9	8 kgs
10	7 kgs
11	6 kgs
12	5 kgs
13	4 kgs
14	3 kgs
15	2 kgs
16	1 kgs

Eligibility Requirements

In order to be considered for the program, applicants:

- Must be 19 or more years of age and shall not be an undischarged bankrupt.
- Applicants must be a “new producer” as defined in the *Total Production Quota Regulations*. Pertinent sections of the TPQ Regulations are set forth on the back of the application form.
- Cannot have been previously licensed to produce and market milk elsewhere in Canada, including as a shareholder in a corporation or partner in a partnership.
- Cannot apply for assistance if, at the time of application, they are starting on a licensed dairy facility from which his/her parents have been licensed, held quota, and shipped milk in the past year.
- DFNS staff members and contract employees, their spouses, their children and their children's spouses, are not eligible to participate in the program.

Application Requirements

DFNS will provide application forms upon request, and the form will also be available on the DFNS website during the application period. The application period for the program is from August 1st to September 30th of each year.

In order to be considered for the program, completed applications must be accompanied by:

- (a) \$100 non-refundable application fee (plus HST);
- (b) detailed ten-year financial business plan signed by a qualified individual or firm including aspects of capital purchases, cash flow, livestock, feed, etc; and
- (c) written confirmation of financing approval from a lender or lenders indicating that they agree, as required in the business plan, to finance the operation.

Where the applicant is a partnership or corporation, all partners/shareholders must be listed on the application form. ALL partners/shareholders must meet the required criteria to be an assisted new producer.

Five copies of completed application forms and supporting documents must be submitted to DFNS by September 30th.

Any costs or fees associated with applying for the program are the responsibility of the applicant.

Successful applicants will be notified by DFNS by October 31st.

Selection Process

Only complete application packages will be considered for selection for the program and we encourage applicants to review documentation with DFNS staff prior to submission.

A Selection Committee consisting of dairy industry representatives will review all applications that meet the eligibility and application requirements. The Selection Committee will interview all applicants meeting the eligibility and application requirements. The Selection Committee must be satisfied that, based on the business plan and interview, the proposed operation is likely to be financially viable.

In the event more than one applicant is approved by the Selection Committee, the successful applicant will be determined by lottery. The Selection Committee's decision is final, with no appeal or explanation required. Applicants not selected may reapply the following year or proceed without assistance.

If there are any discrepancies between the terms of the program and the *Total Production Quota Regulations*, the *Regulations* will take precedence.

If you have any other questions regarding the New Entrant Program, please contact DFNS.

New Entrant Program Frequently Asked Questions

Q: If I am a successful applicant in the program, how can I obtain quota?

A: Once licensed, an assisted new producer may purchase quota on the monthly Quota Exchange, or through a quota transfer as set forth in Section 15(2) of the Regulations (i.e. through a farm purchase or transfer from a parent)

Q: How are my purchase bids and quota holdings treated based on current rules?

A: Assisted new producer Quota Exchange transactions are not subject to:

- the 10% purchase bid size limit during the quota acquisition period;
- the 10 kg minimum quota holdings during the quota acquisition period; and
- buyer prorate rules during the quota acquisition period, or until 12 kg are purchased, whichever occurs first.

Q: If DFNS issues a general quota increase or decrease, will it affect my assistance?

A: General increases or decreases will be applied to the assisted new producer's saleable quota but not the quota loaned by DFNS. The quantity loaned will be maintained at up to 12 kg, matching the quantity of the assisted producer's saleable quota. For example if the assisted new producer's saleable quota before the decrease was 12 kg and 11.5 kg after it, the matching loaned quota also decreases from 12 kg to 11.5 kg after the decrease.

Q: If I sell quota, will it affect my assistance?

A: If an assisted new producer sells quota, such that their saleable quota quantity drops below the matching loan quantity, the loan will be reduced to match the lower amount of saleable quota. For example if the assisted new producer's saleable quota before the sale was 14 kg and they sell 3 kg, the matching loaned quota would decrease from 12 kg to 11 kg after the sale.

Q: If I am selected as a successful applicant and acquire more than 12 kg of quota, what happens?

A: DFNS will provide up to 12 kg of quota to the successful applicant. If an assisted new producer holds more than 33 kg of quota, DFNS will loan the difference between 45 kg and your quota. e.g., if you hold 35 kg of quota, DFNS will loan 10 kg, for a total of 45 kg.

Q: Does my farm premises need to pass inspection before applying?

A: No. An applicant does not need to be licensed at the time of application. However, in order to purchase quota or receive a quota transfer, a producer must be licensed by the Board. In order to hold a license, the farm premises will need to pass inspection by the province's Dairy Inspector and meet all other requirements for a licensed producer, including milkhouse water, yards and lanes, Canadian Quality Milk Program, etc. This means that the assisted new producer will need to obtain a license prior to acquiring quota within the 12-month quota acquisition period in order to be eligible for the full loan from DFNS.

Q: If I am a successful applicant, can I donate or transfer quota in year two of the program?

A: An assisted new producer cannot, at any time, donate or transfer quota.

Q: Is there an appeal process if I am not selected?

A: The Selection Committee's decision in choosing the successful candidates by lottery is final with no appeal process provided. However, you may reapply next year or proceed without assistance.

Q: If I am not selected, does my application remain on file?

A: Applicants who are not selected must reapply to be considered for the program. Applications are accepted each year from August 1st to September 30th.



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NEW ENTRANT PROGRAM APPLICATION FORM

Applicant's Name/Farm Name _____
 Mailing Address _____
 Contact Phone Number () _____ Alternate Phone Number () _____
 E-Mail _____ Fax () _____
 Type of dairy enterprise: Individual Ownership Partnership Corporation

Please answer all questions by checking the appropriate box.

	Yes	No
Is the applicant 19 or more years of age?		
Is the applicant an undischarged bankrupt?		
Is the applicant currently licensed by the DFNS Board to produce milk under the <i>Dairy Industry Act</i> ?		
Does the applicant meet all of the criteria of a "new producer" as defined in the <i>Total Production Quota Regulation</i> ?		
Has the applicant been previously licensed to produce and market milk in Canada?		
Is the applicant starting on a licensed dairy facility from which the parents were licensed, held quota, and shipped milk in the previous year?		
Is the applicant an employee or contract employee of DFNS?		
Is the applicant a spouse, a child or child's spouse of an employee or contract employee of DFNS?		

APPLICATION PACKAGE REQUIREMENTS

Applicants are required to submit:

- (a) \$100 plus HST, non-refundable application fee, payable to DFNS;
- (b) detailed ten-year financial business plan signed by a qualified individual or firm including aspects of capital purchases, cash flow, livestock, feed, etc; and
- (c) written confirmation of financing approval from a lender or lenders indicating that they agree, as required in the business plan, to finance the operation.

Partnerships and corporations must provide documentation verifying licence ownership. The documentation must indicate who has the authority to bind the corporation; all partners/shareholders must be listed on the application form. ALL partners/shareholders must meet the required criteria to be an assisted new producer.

Applicants are to compile all supporting documentation in a single package and submit five (5) copies of the package to DFNS.

Complete application packages must be received by DFNS at the above address no later than September 30th of each year. Only complete application packages will be considered for selection.

Any costs associated with applying for the program are the responsibility of the applicant.

Successful applicants will be notified by DFNS by October 31st.

NOTE: In the case of a corporate applicant, all designated signing officer(s) must sign; attach a separate sheet if necessary. THE UNDERSIGNED CERTIFY that the information herein contained is complete, true and correct in all respects.

Date: _____ Applicant's Signature(s): _____

Date: _____ Applicant's Signature(s): _____

FOR OFFICE USE ONLY Date Package Received _____ Date Acknowledged _____